



# **EVM Policy July 2013**

## **NAVY CEVM**





# Outline

- DoDI 5000.02
- DFARS 252.234-7001
- DFARS 252.234-7002
- DFARS 252.242-7005
- 19 June 2012 AT&L Policy Letter





# EVM Implementation Policy

## Summarized from DODI 5000.02 - Table 5

|  | Cost, Incentive, and Fixed Price Incentive Contracts * |   |  | Firm Fixed Price   |
|--|--|---|--|--|
|  | ≥ \$50M  | ≥ \$20M, but < \$50M                      | < \$20M  | Any  |
| <b>EV Reporting</b><br>Use of the following DFARS Clauses:<br>252.234-7001 - Notice of Earned Value Management System<br>252.234-7002 - Earned Value Management System<br>252.242-7005 - Contractor Business Systems | X  | X   | Optional<br>(PM Discretion based on cost-benefit analysis) | Discouraged<br>(requires MDA approval based upon business case analysis) |
| <b>Compliance with EVMS System Guidelines in ANSI/EIA-748 **</b>   | X  | X   |  |  |
| <b>EVMS System Validated and Accepted by Cognizant Contracting Officer **</b>  | X  |   |  |  |
| <b>EVM System Surveillance</b>   | X  | X   |  |  |
| <b>Integrated Program Management Report (IPMR)</b><br>DI-MGMT-81-861<br><br>OR<br><br><b>Contract Performance Report (CPR)</b><br>DI-MGMT-81-466A<br><b>Integrated Master Schedule (IMS)</b><br>DI-MGMT-81-650       | X<br><br>(Monthly)                                     | X<br><br>(Monthly, Tailoring recommended) |  |  |
| <b>Integrated Baseline Reviews (IBR)</b><br>(Within 180 days after contract award, exercise of options, and major contract modifications)  | X  | X   |  |  |

\* Contracts refers to prime contracts, subcontracts, intra-government work agreements, and other agreements. Incentive contracts include fixed-price incentive (FPI)

\*\* Required for contract award and throughout contract performance





# DFARS Clause - 252.234-7001

## Notice of Earned Value Management System

- Required in requests-for-proposals (RFPs) where DODI 5000.02 requires application of EVM (see prior chart)
- Notifies contractors with an EV requirement of their obligation to provide evidence in their proposal of an EVM System that complies with ANSI-EIA 748.

| Evidence of ANSI EIA-748 Compliance for contracts... | ≥ \$50M   | < \$50M  |
|--|---|--|
| <b>With System Validation</b>                        | Documentation of existing EVM System Validation |  |
| <b>With NO System Validation</b>                     | Plan for achieving an EVM System Validation     | Mapping of management processes against ANSI-EIA 748 to demonstrate compliance |

- Notifies contractors of terms for subcontracted effort:
  - The government and offeror must agree on which subcontracted effort will be subject to EVM flowdown requirements, and the proposal must disclose the result of that agreement
  - The offeror shall be responsible for ensuring subcontractor compliance with the EVM System clause





# DFARS Clause - 252.234-7002

## Earned Value Management System

- Required for contracts with EVM requirements per DODI 5000.02
- Contractually establishes the EVM requirements in the table below

| Clause 252.234.7002 requirements by contract value                                 | ≥ \$50M  | < \$50M      |
|--|----------|--------------|
| Use of an ANSI-EIA 748 Compliant EVM System  | X        | X            |
| Mgmt Procedures that support IPMR reporting consistent with IPMR DID DI-MGMT-81861 | X        | X            |
| Existing System Validation -OR- a plan for achieving validation                    | X        |              |
| Changes to the EVM System require advanced...                                      | Approval | Notification |
| Integrated Baseline Review(s) (IBR)  | X        | X            |
| System Surveillance  | X        | X            |
| Government approval to implement an Over Target Baseline/Schedule (OTB or OTS)     | X        | X            |

- Establishes that the clause shall be similarly applied to subcontracts
  - Subcontractors or subcontracted effort shall be identified in the clause language
- Lays out a process for addressing identified system





# DFARS Clause - 252.242-7005

## Contractor Business Systems

- Required for contracts with EVM requirements per DODI 5000.02
- Documents the process for dealing with significant deficiencies in one of six (6) standard contractor business systems (of which EVM is one). Specifically, the clause:
  - Defines significant deficiencies as “a shortcoming in the system that materially affects the ability of officials of the Department of Defense to rely upon information produced by the system that is needed for management purposes”
  - Requires mandatory payment withholding for system deficiencies through a defined process with established timelines
  - Defines the process for correcting identified system deficiencies
- Specific guidance on EVMS “significant deficiencies” are found in DFARS clause 252.234-7002





# 19 June 2012 Policy Letter

Earned Value Management is one of the Department's most powerful program management tools since it integrates the cost, schedule, and technical performance of a program. However, all too often cost and schedule reporting have been analyzed separately by different organizational structures not allowing for the full integration intended by the ANSI/EIA-748 standard and the principals of sound integrated program management.

The attached IPMR DID takes a major step towards improving the integration of cost and schedule reporting by combining the Contract Performance Report (CPR) and Integrated Master Schedule (IMS) into a single integrated report to be consistent with good, disciplined program management. Formats 1-7 of the DID are required for contracts where DFARS 252.234-7002 applies. Format 6 applies to all development, major modification, and low rate initial production efforts whether or not DFARS 252.234-7002 is applicable. The IPMR DID becomes effective for all applicable future contracts that are awarded based on solicitations or requests for proposal issued on or after July 1, 2012.

The attached IPMR DID supersedes the July 2005 CPR DID and the July 2005 IMS DID. It was developed in accordance with MIL-STD-963B Department of Defense Standard Practice Data Item Descriptions to ensure uniform procedures for the preparation of cost and schedule reports throughout the Department.



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# References

## 1. NAVY CEVM Website:

- [https://acquisition.navy.mil/home/acquisition\\_one\\_source/cevm](https://acquisition.navy.mil/home/acquisition_one_source/cevm)

## 2. PARCA EVM Website:

- <http://www.acq.osd.mil/evm/>

## 3. EVM-CR Website:

- <http://dcarc.cape.osd.mil/EVM/EVMOverview.aspx>

## 4. DAU EVM Community Of Practice (COP) Website:

- <https://dap.dau.mil/cop/evm/Pages/default.aspx>

## 5. DFARS:

- Notice of Earned Value Management System (Apr 2008):  
<http://www.acq.osd.mil/dpap/dars/dfars/html/current/252234.htm#252.234-7001>
- Earned Value Management System (May 2011):  
<http://www.acq.osd.mil/dpap/dars/dfars/html/current/252234.htm#252.234-7002>
- Contractor Business Systems (May 2011):  
<http://www.acq.osd.mil/dpap/dars/dfars/html/current/252242.htm#252.242-7005>







# Point of Contact

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